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## BOOK REVIEWS

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*Taxation (Local and Imperial) and Local Government.* By J. C. GRAHAM; revised by M. D. WARRINGTON. Fourth edition. London: P. S. King & Son, 1906. Pp. 138.

*Principles and Methods of Taxation.* By G. ARMITAGE-SMITH. New York: Dutton & Co., 1906. Pp. 190.

The authors of *Taxation and Local Government*—both of them lawyers, as one is informed, and neither of them an economist, as one infers—are plainly of the conviction that something is out of gear in the English tax system, and that radical reforms are in need of undertaking. But it is not altogether so clear precisely what is indicated as wrong in the situation, or precisely what is recommended to be done about it. The fundamental complaint appears to be that land is taxed at decidedly heavier rates than personality, and that agricultural lands suffer much more grievously than urban lands; or perhaps the charge is that the urban landowner does not pay sufficiently compared with the urban house-occupier, and that landowners generally pay overmuch compared with owners of personality.

Present attention must confine itself to the course of reasoning by which these convictions are attempted to be justified, rather than to their possible justifications:

The local habitation taxes computed at a percentage of the rental value of the premises occupied are analyzed as ultimately a burden upon the occupants against whom they are in the first instance assessed and as not ultimately affecting the ground rents (pp. 19–25). This, if true, is rightly presented as a most questionable method of distributing such local burdens as charges for education, for police, and for the care of the poor. But surely, then, the tax must, in the very terms of the argument, affect personality no less than realty; and it is urged that “a very large proportion of the rates goes ultimately into the landlords’ pockets” (p. 21).

So far, then, the land appears to be getting the best of it. But in the later effort to show that realty is outrageously taxed as against personality, a decidedly unexpected direction is given to the argument: “Local taxation falls on real property” (p. 36). Thus,

with seven or eight million pounds sterling assessed under the imperial income tax against the land, and with twenty-five millions of local rates imposed upon the landowners, it is computed that "we get a total of £32,548,049, which is the aggregate amount of imperial and local taxation borne by real property, as against £10,406,740 borne by personal property" (p. 36).

Undoubtedly this is strange reasoning; it may, however, be true, and does, in fact, appear to be true that a very considerable volume of personal property entirely escapes, under the imperial income-tax system, and that even that part which is taxed bears a very much lower rate than such personalty as is taxed under local methods—if *any of the personalty is thus taxed*.

But this raises again the question as to the incidence of the light imperial house taxes and of the heavy local house taxes: Are they intended as substitutes for personalty taxation, or are they in purpose general-income taxes? If they do not shift to the ground rent, or to the extent that they do not so shift, they are burdens upon aggregate income rather than upon the share derived from personalty. This, then, means that landed income is more heavily burdened than are incomes from personalty only to the extent that the imperial income tax is defective in its actual working. It follows that it is only by the shifting of the habitation taxes—which is now asserted and now denied by our authors—that any legally provided discrimination obtains against land.

One further criticism against the income tax is to be noted—and approved, excepting in the unfortunate inaccuracy of its statement:

An estimated capital value of £100,000,000, being the capital value of movable personal property which does not yield any income, goes absolutely untaxed. That is to say, 18 per cent. of the entire capital value of personalty goes untaxed, both for imperial and for local purposes. On what ground the persons who own this sort of property, which would be valueless to them except for the protection they obtain from a settled government, should not pay for that protection, I am unable to say. (p. 37.)

But it is clear enough that this sort of personal property does yield income; it is enjoyed—and precisely for this reason should the income tax take account of it. Habitation taxes, if they really reach it at all—that is, if they do not shift—reach it only as a share of the aggregate income. Here is a serious defect, not in the administration of the income tax, but in its fundamental theory.

Mr. G. Armitage Smith is clearly enough not a lawyer, and is even more clearly a very capable economist. And it is perhaps significant in this connection to note that, according to his analysis, habitation taxes are in the main shifted to the ground rent. If such is the truth of the case, some comfort should thereby accrue to the single-tax sect in England, and, at the same time, some occasion for irritation to those persons who find the English tax burdens progressively tending to fasten themselves overmuch upon the land. But even more clearly it must also follow that great need exists in the English system for the inclusion of "non-income-bearing personalty" within the reach of the imperial income tax.

Speaking generally of the *Principles and Methods of Taxation*, it is to be said that, for the purposes of the English reader, it is almost an ideal book, and, while seemingly not written for textbook purposes, should make a most excellent manual for instruction in English classes. It is, however, so distinctly and concretely English in point of view and in subject-matter that it can hardly make serious appeal to the American market either as a text or as a treatise upon taxation in general, but only as a most serviceable discussion and summary of English methods and English problems.

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*Municipal Ownership in Great Britain.* By HUGO RICHARD MEYER. New York: The Macmillan Co., 1906. Pp. xii+340.

"Great cases," says Justice Holmes in his dissenting opinion in the Northern Securities case, "like hard cases make bad law. The great cases are called great, not by reason of their real importance in shaping the law of the future, but because of some accident of immediate overwhelming interest which appeals to the feelings and distorts the judgment." Justice Holmes might have gone much farther in the application of this doctrine. Great cases disturb the judgment, not only of judges and lawyers, but of economists, doctors, and scientific investigators. So long as a question is in the academic stage the opinions of experts are likely to end in some form of agreement, at least on essential points, but as soon as practical issues invade the field the situation becomes complex to an amazing extent. The money question, free trade and protection, trades-unionism,